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Rural Natural Resource Impact Areas Programs (RNRIA) Sunset Review Report 99-8

The Rural Natural Resource Impact Areas (RNRIA) programs were created in 1991. Their purpose is to assist individual displaced workers and their communities affected by downturns in the timber and fin-fish industries. The RNRIA programs listed under the Sunset Act are scheduled to terminate on June 30, 2000, as provided in RCW 43.131.385. Findings and recommendations are reported for the following program areas:

Timber Retraining Benefits (TRB) – provide up to two years of unemployment benefits to eligible workers who are employed in an approved training program. Based on findings from this report, the implementing agencies are considering additional strategies for improving training outcomes.

Economic Development Programs -- provide loans, grants, and technical development assistance to increase employment and economic diversification within RNRIA counties. The report recommends continuing the programs under review, but with modifications to how the Department of Community, Trade and Economic Development measures and reports the costs and performance of its development programs.

Social Service and Other Educational Programs – provide services such as rent and mortgage assistance and flexible emergency assistance. Education programs focus on upper-division higher education, entrepreneurial training, and a specific wood technology degree at community and technical colleges. The report recommends that the one inactive program be terminated. It further recommends programmatic changes to two programs, and statutory revisions to the remaining programs.

Program Background

The Rural Natural Resource Impact Areas (RNRIA) programs were originally created as part of the "Timber Recovery Act" of 1991. The purpose of the programs was to assist individual displaced workers and their communities affected by downturns in the timber industry. In 1995, the programs were expanded to include displaced workers and communities affected by the declining salmon fishing industry. Also in 1995, the major state-funded programs that operated under the RNRIA umbrella were put under sunset.

RNRIA is an umbrella grouping of almost 20 different economic development, education and training, and human services programs offered by various state agencies. The

following sections highlight our findings and recommendations concerning the major programs.

Timber Retraining Benefits (TRB)

Timber Retraining Benefits offer up to two years of unemployment benefits to eligible workers who are enrolled in an approved training program. The majority of TRB participants receive their training from state community and technical colleges. The findings from this sunset review are that:

- The program has fulfilled its mandate to serve eligible workers.
- TRB participants who enrolled in community colleges received substantial financial gains from the program, but

these gains were mainly due to the provision of extended unemployment benefits rather than from retraining itself.

- The financial returns from retraining increased as workers took higher concentrations of more technically-oriented courses.
- For timber workers, wage recovery is lower than for other groups, but they still benefited more from retraining due to a higher-than-average proportion of technically-oriented courses.
- TRB participants in most cases agreed or strongly agreed that their training was very good, that it helped them get a good job, and that the training was useful for the jobs they eventually obtained.
- The effect of the TRB program on community stability could not be measured.

This sunset review report does not make a recommendation either to continue or terminate this program. Based on findings from this report, the implementing agencies are considering additional strategies for improving training outcomes.

Economic Development Programs

The RNRIA economic development programs under sunset, which are all operated out of the Department of Community, Trade and Economic Development (CTED), provide loans, grants, and technical development assistance to increase employment and economic diversification within RNRIA counties.

In reviewing the **Development Loan Fund** and **Forest Product Loan** program, as well as other CTED economic development programs, we found that the agency could improve its method of measuring program costs and performance. CTED should account for loan repayments and the cost of subsidizing low-interest loans, and calculate costs and job creation on a per-project (rather than per-funding source) basis. CTED would then be able to more accurately evaluate and report the costs and job creation and retention results of its economic development projects.

Our review of CTED's administration of the federal **Old Growth Diversification Fund** grants shows that these funds were used in RNRIA areas as originally intended.

We also examined three RNRIA economic development activities that are part of larger CTED programs: the provision of financial and technical assistance to economic development projects; permit facilitation for economic development projects; and export assistance for secondary wood products companies. Our review shows that all three of these activities are providing assistance as intended.

The report recommends continuance of the economic development programs under review. It further recommends that CTED improve its method of measuring and evaluating the costs and performance of its development projects.

Social and Educational Programs

In addition to the programs outlined above, several other education programs and social service programs serve eligible dislocated workers and their families.

The two social service programs under RNRIA that are included in this sunset review are the Emergency Mortgage and Rental Assistance Program (MRAP) and the Flexible Mitigation Fund (FMF). The report recommends statutory revisions for MRAP if the legislature decides to continue it. It further recommends that if the FMF program continues, that changes be made to the allocation process.

The four additional education programs included in this review are the Upper-Division Timber Workers Education Program, the Entrepreneurial Training Program, the Wood Technology Degree Program, and the Employment and Career Orientation Program. This report recommends programmatic changes to the upper-division program (if it continues), statutory revisions to the entrepreneurial and wood technology programs, and termination of the career orientation program.